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POLAND: Party leader Gierek's effort simultaneously to gain control of the party bureaucracy and the confidence of the people is reaching a decisive stage.

An authoritative commentator in Warsaw's most popular daily wrote yesterday that a sharp struggle is being waged on many levels between entrenched party functionaries associated with the former Gomułka regime and advocates of Gierek's new style of rule. The writer warned that extremist worker demands are playing into the hands of the old party bureaucrats who oppose sharing power with anyone. He hinted that such elements are encouraging excessive worker demands for their own political purposes.

In restating the regime's previous warnings that after the recent food price rollback no further concessions can be made, the commentary for the first time clearly indicated to the workers that further pressure could jeopardize the gains that have already been made, and could undermine Gierek's efforts to mold a party apparatus more responsive to popular desires.

This public warning may be in part deliberately exaggerated. The speedier-than-anticipated ousters of provincial and local party officials in recent days do suggest, however, that Gierek feels an urgent need to strengthen public confidence in his policies by installing new faces among the bureaucrats who are in daily contact with the people. This process doubtless is hampered by lack of enough qualified personnel acceptable to Gierek, as well as by the expected resistance to change among party functionaries fearful of their tenure.

After the regime's dramatic step in rescinding the price rise that set off the December upheaval, there appears to be no further way of allaying unrest through additional concessions. Unless it is soon demonstrated that Gierek's new style of rule will be effective in restoring calm and a modicum of local party authority, he may come under increasing pressure from within all levels of the party to adopt a hard line.

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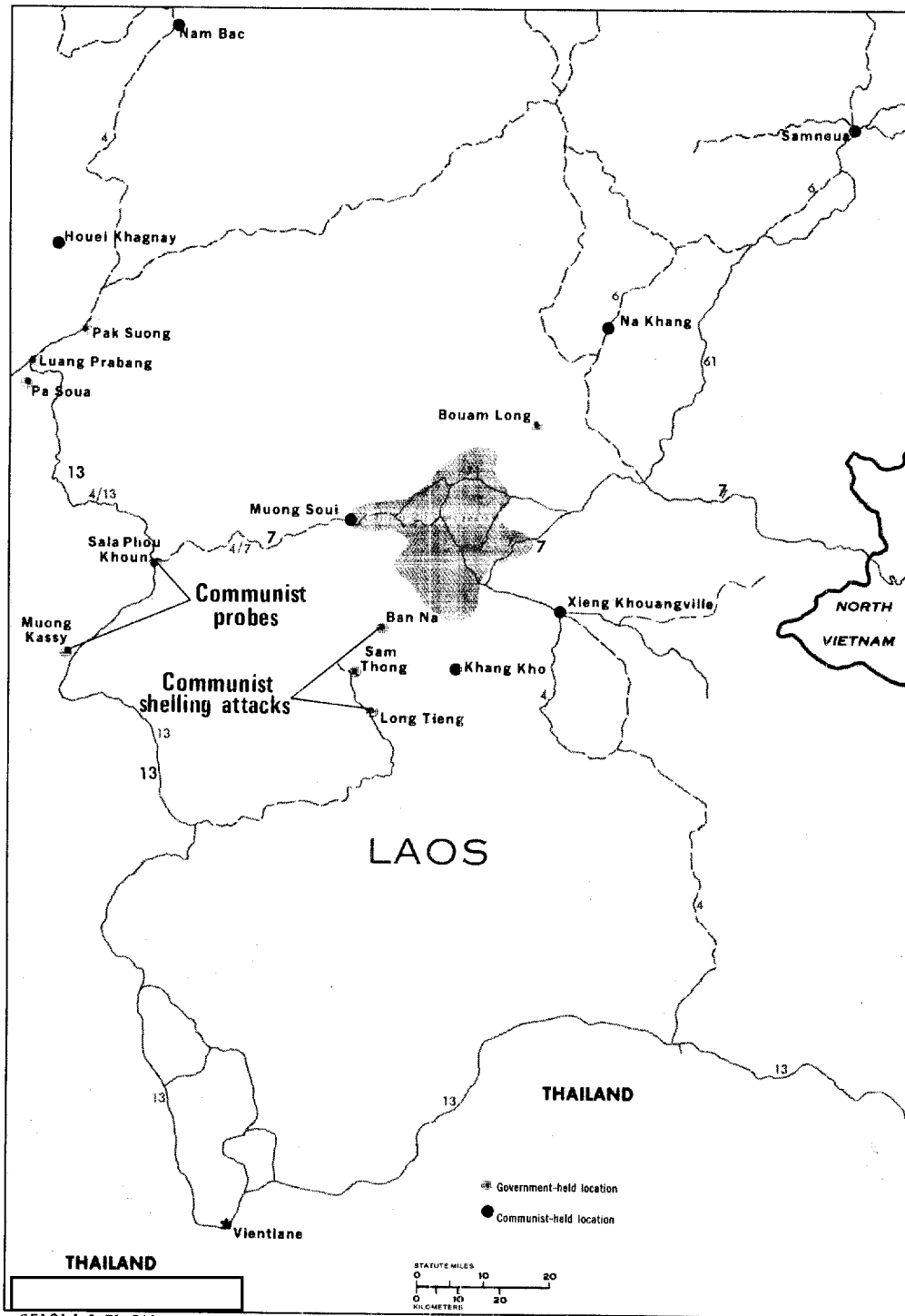
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LAOS: There were numerous small military actions in northern Laos yesterday, but the overall situation is unchanged.

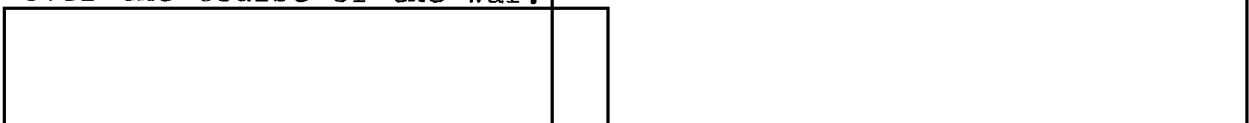
Although the key government base at Long Tieng was hit by two rockets, its logistic and air facilities escaped damage. Tactical air sorties in northeast Laos on 18 February produced 125 secondary explosions. This is the highest number ever noted in this area, and underscores the extent of the North Vietnamese buildup. At the artillery support base of Ban Na, 12 miles north of Long Tieng, Communist probes and shelling attacks have continued to hamper government aerial resupply efforts. The airstrip at Ban Na was reported to be closed on 17 February by sporadically heavy enemy fire.

Communist probes also took place at Sala Phou Khoun--at the junction of Routes 13 and 7--and at Muong Kassy, on Route 13 to the south. Route 13 is the only land link between Laos' two capitals, Luang Prabang in the north and Vientiane.

[Some members of the generally ineffective National Assembly, disturbed about the deteriorating military situation, are seeking ways to use the legislature as a forum for criticism of Prime Minister Souvanna Phouma. At Assembly President Phoui Sananikone's request, Souvanna will send a Defense Ministry spokesman to brief the assembly's military affairs committee during the week of 21 February. Phoui may be planning to find this briefing unsatisfactory and to use the incident as an excuse to call an extraordinary session of the legislature.]

[It is unlikely that any vote of censure will emerge. Nevertheless, the current legislative maneuvering serves to vent, as it has in past similar situations, the anxieties of the assemblymen over the course of the war.]

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JAPAN: Tokyo's initiative on Laos reflects Japan's intention to play a more active diplomatic role in Asia.

Yesterday Japan formally appealed to the Geneva conference cochairmen and to the members of the International Control Commission (ICC) to undertake efforts on behalf of peace in Laos. Indonesia and Malaysia are making separate but parallel appeals. The Japanese have also expressed a willingness to provide financial and material assistance to ICC peace efforts in Laos.

This initiative, like Japan's participation in last year's Djakarta conference, underscores Tokyo's broadening concern over events in neighboring Asian areas. The Japanese were greatly encouraged by the favorable response to their role in the Djakarta Conference. The initiative probably also is aimed at building an image at home and abroad of a Japan dedicated to peace, reflecting the growing sensitivity of the Sato government to charges of reviving "militarism."

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WESTERN EUROPE - OIL: [Officials are relieved that the Persian Gulf settlement avoided interruption of the flow of oil, but they are worried over price increases and the future security of supplies.]

[Pressures for some price increases on petroleum products are being felt throughout Western Europe, and the governments are most reluctant to reduce the heavy tax bite in order to keep consumer costs down. In publicly castigating already announced price hikes and the price policies of the international oil companies in general, West German Economics Minister Schiller suggested this week that a lack of "competitive market behavior" might affect Bonn's traditionally liberal energy policy.]

[In Italy, the government has told the private oil companies they must absorb the cost increase for the time being and that a tax reduction on gasoline is out of the question. The US Embassy meanwhile has noted a growing demand for eliminating dependence on the large internationals. This theme was echoed in remarks by Luxembourg Economics Minister Mart, who reportedly will propose to his European Community colleagues the negotiation of direct deals between the EC and producing countries to assure supplies of oil and other raw materials.]

[There is no indication yet how receptive the Community would be to such direct negotiation. EC consultations on energy supplies have intensified during the recent crisis, however, and the Commission undoubtedly hopes that work will be speeded up on draft regulations which would require oil companies to declare their import and investment intentions. These would help the Commission in formulating a common energy policy.]

[A passage in a Commission statement issued following the Gulf settlement, meanwhile, suggests a possible point of friction between the Community members and the internationals if possible future reductions in oil transportation costs are not reflected in lower prices to the consumer.]

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SWEDEN: A wage dispute involving two small unions of senior government white collar workers has disrupted key areas in the economy and could lead to extensive layoffs in the private sector.

So far only 10,000 of the nearly 700,000 local and central government employees have actually gone out on strike, with another 35,000 locked out. Affected are the railroads, welfare system, courts, and parts of the educational system. Extended disruption could result in layoffs of as many as 100,000 blue collar workers and a leveling-off of activity in vital export industries.

The nominal issue is the demand of the already highly paid white collar workers for a 23-percent increase in their salaries, which currently average above \$11,000. The four large unions that include the great bulk of government workers have refused to back this demand and are instead continuing negotiations in protest against the actions of their two smaller and more aggressive counterparts. At the same time, blue collar unions in the private sector have grown increasingly angry at the attempt of these two unions to seize the initiative in national labor negotiations, and have dragged out their own wage talks until the government's labor position is clarified.

Prime Minister Palme has displayed a stern attitude to the strikers, condemning them for their economic irresponsibility and reminding workers and employers alike of the government's dual commitment to narrow the high-low salary gap and to keep the lid on the inflationary pressures afflicting the economy. He is gambling on the continued refusal of the bulk of Swedish organized labor to support the two unions and the public unhappiness and inconvenience caused by the strike to force the government workers to moderate their demands.

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FEDAYEEN: [Divisions within the Palestinian resistance movement are growing deeper and more open.]

25X1 [redacted] the long simmering feud between Yasir Arafat and the commander of the Palestine Liberation Army (PLA) has reached the boiling point, with each trying to discredit and displace the other. The PLA chief recently charged fedayeen political leaders with responsibility for the dangerous deterioration of the Palestinian resistance movement. He called for a meeting of the Palestine National Council (PNC), the "Palestinian parliament," to force their ouster and the granting of a greater voice in the Palestine Liberation Organization (PLO) to Palestinians from outside the fedayeen movement. Arafat responded to the attack by calling a PLO central committee meeting to denounce the PLA leader and announced his intention to recommend that the PNC disband the PLA.]

[Fedayeen differences may also be exacerbated over the question of the establishment of a Palestinian entity as part of a general Middle Eastern peace settlement. According to a Beirut newspaper, the Central Committee meeting broke into a stormy debate after a veiled suggestion by Fatah's director of information that the fedayeen seriously consider participating in the establishment of a Palestinian state in the Israeli-occupied West Bank and Gaza strip areas.]

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NOTES

JORDAN-EGYPT: King Husayn has postponed his intended visit to Cairo this weekend. A contributing factor in the King's decision reportedly was an article in Cairo's semiofficial al-Ahram criticizing the nomination of a new Jordanian ambassador whom Cairo considers hostile toward Egypt. Jordanian officials view the article as a discourteous public slap that exceeded the bounds of proper diplomatic procedure.

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INTERNATIONAL OIL: Oil ministers from four members of OPEC--Algeria, Iraq, Saudi Arabia, and Libya--will meet in Tripoli Monday to discuss strategy in upcoming talks with the oil companies. The Libyans reportedly will work within the group to obtain revenue increases achieved in Tehran and to set posted prices for shorter haul Mediterranean oil. They still insist on negotiating with individual companies, however, and British Petroleum is scheduled to meet with them Tuesday. Tripoli also will continue to press for additional demands, such as mandatory reinvestment of a portion of company profits, outside the OPEC framework. The oil companies would prefer to negotiate with the four countries as a group, but they have prepared a joint offer which they are willing to discuss on a company-by-company basis with Libya. An informal company proposal to talk with Saudi Arabia and Iraq has been spurned by those countries pending the discussions on Monday.

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COMMUNIST CHINA - ROMANIA: On 18 February the two countries signed a trade agreement for 1971 as well as a protocol for 1972-75 that covers the exchange of major products. According to the 1971 agreement, trade will be significantly greater and more diversified than last year. The long-term protocol, a new development in Sino-Romanian trade, will facilitate future expansion of bilateral commercial relations. It also reflects improvement in political relations between the two countries.

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WARSAW PACT: At their meeting in Bucharest on 18 and 19 February, the foreign ministers of the Warsaw Pact focused on the need for the "speediest holding" of preparatory meetings for a Conference on European Security (CES). In their appeal for the preparatory sessions in Helsinki, the foreign ministers noted in a communiqué broadcast from Moscow that "certain shifts have been achieved...towards an easing of tensions on the European continent." The ministers only marginally increased their support of East Germany's quest for recognition under the "norms of international law." No mention was made of West Germany or of any other East-West issues, including the Middle East and Indochina.

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SPAIN: The new labor law, which has been under consideration for several years and has now received parliamentary approval, contains a few provisions of potentially liberalizing effect, but maintains government control of labor. It would allow for the election of the heads of the 28 national labor organizations, who previously were appointed by the government. Even so it falls short of the hopes of many Spanish workers and of a number of government officials concerned with labor matters. Separate legislation on the question of granting labor a limited right to strike is under preparation.

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